

CHAPTER 1134**SCHOOL INFRASTRUCTURE FUNDING AND TAXATION***H.F. 2663*

AN ACT relating to the repeal of the local option sales and services tax for school infrastructure purposes by using the revenues from the increase in the state sales and use taxes for replacing lost school district revenues resulting from the repeal, providing property tax relief, providing for the reduction in the state sales and use tax, providing a penalty, and including an effective date provision.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 257.4, subsection 1, paragraph b, Code 2007, is amended to read as follows:

b. For the budget year beginning July 1, 2006 2008, and succeeding budget years, the department of management shall annually determine an adjusted additional property tax levy and a statewide maximum adjusted additional property tax levy rate, not to exceed the statewide average additional property tax levy rate, calculated by dividing the total adjusted additional property tax levy dollars statewide by the statewide total net taxable valuation. For purposes of this paragraph, the adjusted additional property tax levy shall be that portion of the additional property tax levy corresponding to the state cost per pupil multiplied by a school district's weighted enrollment, and then multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1. The district shall receive adjusted additional property tax levy aid in an amount equal to the difference between the adjusted additional property tax levy rate and the statewide maximum adjusted additional property tax levy rate, as applied per thousand dollars of assessed valuation on all taxable property in the district. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking into account amounts allocated pursuant to section 257.15, subsection 4. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking into account amounts allocated pursuant to section 257.15, subsection 4, and the balance of the property tax equity and relief fund created in section 257.16A at the end of the calendar year.

Sec. 2. Section 257.15, subsection 4, Code 2007, is amended to read as follows:

4. a. ALLOCATIONS FOR MAXIMUM ADJUSTED ADDITIONAL PROPERTY TAX LEVY RATE CALCULATION AND ADJUSTED ADDITIONAL PROPERTY TAX LEVY AID. The department of management shall allocate from amounts appropriated pursuant to section 257.16, subsection 1, and from funds appropriated from the property tax equity and relief fund created in section 257.16A for the purpose of calculating the statewide maximum adjusted additional property tax levy rate and providing adjusted additional property tax levy aid as provided in section 257.4, subsection 1, paragraph "b", an amount not to exceed the following equal to the sum of subparagraphs (1) and (2) as follows:

(1) From the amount appropriated from the general fund of the state pursuant to section 257.16, subsection 1, equal to the following:

- a. (a) For the budget year beginning July 1, 2006, six million dollars.
- b. (b) For the budget year beginning July 1, 2007, twelve million dollars.
- c. (c) For the budget year beginning July 1, 2008, eighteen million dollars.
- d. (d) For the budget year beginning July 1, 2009, and succeeding budget years, twenty-four million dollars.

(2) From the amount appropriated from the property tax equity and relief fund created in section 257.16A.

b. After lowering all school district additional property tax levy rates to the statewide maximum adjusted additional property tax levy rate under paragraph "a", the department of man-

agement shall use any remaining funds at the end of the calendar year to further lower additional property taxes by increasing for the budget year beginning the following July 1, the state foundation base percentage. Moneys used pursuant to this paragraph shall supplant an equal amount of the appropriation made from the general fund of the state pursuant to section 257.16 that represents the increase in state foundation aid.

Sec. 3. NEW SECTION. 257.16A PROPERTY TAX EQUITY AND RELIEF FUND.

1. A property tax equity and relief fund is created as a separate and distinct fund in the state treasury under the control of the department of management. Moneys in the fund include revenues credited to the fund, appropriations made to the fund, and other moneys deposited into the fund.

2. There is appropriated annually all moneys in the fund to the department of management for purposes of section 257.15, subsection 4.

3. Notwithstanding section 8.33, any moneys remaining in the property tax equity and relief fund at the end of a fiscal year shall not revert to any other fund but shall remain in the property tax equity and relief fund for use as provided in this section for the following fiscal year.

Sec. 4. Section 423.2, subsection 1, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

There is imposed a tax of five six percent upon the sales price of all sales of tangible personal property, consisting of goods, wares, or merchandise, sold at retail in the state to consumers or users except as otherwise provided in this subchapter.

Sec. 5. Section 423.2, subsections 2, 3, 4, and 5, Code Supplement 2007, are amended to read as follows:

2. A tax of five six percent is imposed upon the sales price of the sale or furnishing of gas, electricity, water, heat, pay television service, and communication service, including the sales price from such sales by any municipal corporation or joint water utility furnishing gas, electricity, water, heat, pay television service, and communication service to the public in its proprietary capacity, except as otherwise provided in this subchapter, when sold at retail in the state to consumers or users.

3. A tax of five six percent is imposed upon the sales price of all sales of tickets or admissions to places of amusement, fairs, and athletic events except those of elementary and secondary educational institutions. A tax of five six percent is imposed on the sales price of an entry fee or like charge imposed solely for the privilege of participating in an activity at a place of amusement, fair, or athletic event unless the sales price of tickets or admissions charges for observing the same activity are taxable under this subchapter. A tax of five six percent is imposed upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

4. A tax of five six percent is imposed upon the sales price derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, and card game tournaments conducted under section 99B.7B, that are operated or conducted within the state, the tax to be collected from the operator in the same manner as for the collection of taxes upon the sales price of tickets or admission as provided in this section. Nothing in this subsection shall legalize any games of skill or chance or slot-operated devices which are now prohibited by law.

The tax imposed under this subsection covers the total amount from the operation of games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, card game tournaments conducted under section 99B.7B, and musical devices, weighing machines, shooting galleries, billiard and pool tables, bowling alleys, pinball machines, slot-operated devices selling merchandise not subject to the general sales taxes and on the total amount from devices or systems where prizes are in any manner awarded to patrons and upon the receipts from fees charged for participation in any game or other form of amusement, and generally upon the sales price from any source of amusement operated for profit, not specified in this section, and

upon the sales price from which tax is not collected for tickets or admission, but tax shall not be imposed upon any activity exempt from sales tax under section 423.3, subsection 78. Every person receiving any sales price from the sources described in this section is subject to all provisions of this subchapter relating to retail sales tax and other provisions of this chapter as applicable.

5. There is imposed a tax of ~~five~~ six percent upon the sales price from the furnishing of services as defined in section 423.1.

Sec. 6. Section 423.2, subsection 7, paragraph a, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

A tax of ~~five~~ six percent is imposed upon the sales price from the sales, furnishing, or service of solid waste collection and disposal service.

Sec. 7. Section 423.2, subsection 8, paragraph a, Code Supplement 2007, is amended to read as follows:

a. A tax of ~~five~~ six percent is imposed on the sales price from sales of bundled transactions. For the purposes of this subsection, a “bundled transaction” is the retail sale of two or more distinct and identifiable products, except real property and services to real property, which are sold for one nonitemized price. A “bundled transaction” does not include the sale of any products in which the sales price varies, or is negotiable, based on the selection by the purchaser of the products included in the transaction.

Sec. 8. Section 423.2, subsection 9, Code Supplement 2007, is amended to read as follows:

9. A tax of ~~five~~ six percent is imposed upon the sales price from any mobile telecommunications service which this state is allowed to tax by the provisions of the federal Mobile Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C. § 116 et seq. For purposes of this subsection, taxes on mobile telecommunications service, as defined under the federal Mobile Telecommunications Sourcing Act that are deemed to be provided by the customer’s home service provider, shall be paid to the taxing jurisdiction whose territorial limits encompass the customer’s place of primary use, regardless of where the mobile telecommunications service originates, terminates, or passes through and shall in all other respects be taxed in conformity with the federal Mobile Telecommunications Sourcing Act. All other provisions of the federal Mobile Telecommunications Sourcing Act are adopted by the state of Iowa and incorporated into this subsection by reference. With respect to mobile telecommunications service under the federal Mobile Telecommunications Sourcing Act, the director shall, if requested, enter into agreements consistent with the provisions of the federal Act.

Sec. 9. Section 423.2, subsection 11, Code Supplement 2007, is amended to read as follows:

11. a. All revenues arising under the operation of the provisions of this section shall be deposited into the general fund of the state.

b. Subsequent to the deposit into the general fund of the state and after the transfer of such revenues collected under chapter 423B, the department shall transfer one-sixth of such remaining revenues to the secure an advanced vision for education fund created in section 423F.2. This paragraph is repealed December 31, 2029.

Sec. 10. Section 423.2, Code Supplement 2007, is amended by adding the following new subsection:

NEWSUBSECTION. 13. The sales tax rate of six percent is reduced to five percent on January 1, 2030.

Sec. 11. Section 423.5, unnumbered paragraph 1, Code 2007, is amended to read as follows:

An Except as provided in subsection 3, an excise tax at the rate of ~~five~~ six percent of the purchase price or installed purchase price is imposed on the following:

Sec. 12. Section 423.5, subsection 3, Code 2007, is amended to read as follows:

3. The An excise tax at the rate of five percent is imposed on the use of vehicles subject to registration, or subject only to the issuance of a certificate of title and the use of leased vehicles, on the amount subject to tax as calculated pursuant to section 423.27.¹

Sec. 13. Section 423.5, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 9. The use tax rate of six percent is reduced to five percent on January 1, 2030.

Sec. 14. Section 423.43, Code Supplement 2007, is amended to read as follows:

423.43 DEPOSIT OF REVENUE — APPROPRIATIONS.

1. a. Except as otherwise provided in subsection 2 and section 328.36, all revenues arising under the operation of the use tax under subchapter III shall be deposited into the general fund of the state.

b. Subsequent to the deposit into the general fund of the state and after the transfer of such revenues collected under chapter 423B, the department shall transfer one-sixth of such remaining revenues to the secure an advanced vision for education fund created in section 423F.2. This paragraph is repealed December 31, 2029.

2. Except as otherwise provided in section 312.2, subsection 14, all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.26 and 423.27 shall be deposited and credited to the road use tax fund and shall be used exclusively for the construction, maintenance, and supervision of public highways, except as follows:

1. a. Notwithstanding any provision of this section which provides that all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.26 and 423.27 shall be deposited and credited to the road use tax fund, eighty Eighty percent of the revenues collected pursuant to sections 423.26 and 423.27 shall be deposited and credited as follows:

a. (1) Twenty-five percent of all such revenue, up to a maximum of four million two hundred fifty thousand dollars per quarter, shall be deposited into and credited to the Iowa comprehensive petroleum underground storage tank fund created in section 455G.3, and the moneys so deposited are a continuing appropriation for expenditure under chapter 455G, and moneys so appropriated shall not be used for other purposes.

b. (2) Any such revenues remaining shall be credited to the road use tax fund.

2. b. Notwithstanding any other provision of this section that provides that all revenue derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 423.26 shall be deposited and credited to the road use tax fund, twenty Twenty percent of the revenues collected pursuant to section 423.26 shall be credited and deposited as follows: one-half

(1) One-half to the road use tax fund and one-half.

(2) One-half to the primary road fund to be used for the commercial and industrial highway network.

3. All other revenue arising under the operation of the use tax under subchapter III shall be credited to the general fund of the state.²

Sec. 15. Section 423E.3, subsections 1, 2, 3, and 4, Code 2007, are amended by striking the subsections.³

Sec. 16. Section 423E.3, subsection 5, paragraphs a, b, and c, Code 2007, are amended by striking the paragraphs.

Sec. 17. Section 423E.3, subsections 6 and 7, Code 2007, are amended by striking the subsections.

¹ See chapter 1113, §126 herein

² See chapter 1113, §127 herein

³ See chapter 1191, §96 herein

Sec. 18. Section 423E.4, subsection 1, Code 2007, is amended by striking the subsection.

Sec. 19. Section 423E.4, subsection 2, paragraph b, subparagraph (3), Code 2007, is amended to read as follows:

(3) A school district that is located in whole or in part in a county that voted on and approved the extension of the local sales and services tax for school infrastructure purposes pursuant to section 423E.2, subsection 5, Code 2007, on or after April 1, 2003, shall receive for any extended period an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 423E.3, subsection 5, paragraph “d”, not to exceed its guaranteed school infrastructure amount. However, if the school district’s pro rata share is less than its guaranteed school infrastructure amount, the district shall receive an additional amount equal to its supplemental school infrastructure amount.

Sec. 20. Section 423E.4, subsection 3, paragraph a, Code 2007, is amended to read as follows:

a. The director of revenue by August 15 of each fiscal year shall compute the guaranteed school infrastructure amount for each school district, each school district’s sales tax capacity per student for each county, the statewide tax revenues per student, and the supplemental school infrastructure amount for the coming fiscal year.

Sec. 21. Section 423E.4, subsection 3, paragraph b, subparagraph (2), Code 2007, is amended to read as follows:

(2) “Sales tax capacity per student” means for a school district the estimated amount of revenues that a school district ~~receives or would receive~~ if a local sales and services tax for school infrastructure purposes is was imposed at one percent in the county pursuant to section 423E.2, Code 2007, as computed in subsection 8,⁴ divided by the school district’s actual enrollment as determined in section 423E.3, subsection 5, paragraph “d”.

Sec. 22. Section 423E.4, subsection 3, paragraph b, subparagraph (3), Code 2007, is amended by striking the subparagraph and inserting in lieu thereof the following:

(3) “Statewide tax revenues per student” means the amount determined by estimating the total revenues that would be generated by a one percent local option sales and services tax for school infrastructure purposes if imposed by all the counties during the entire fiscal year, as computed in subsection 8,⁵ and dividing this estimated revenue amount by the sum of the combined actual enrollment for all counties as determined in section 423E.3, subsection 5, paragraph “d”, subparagraph (2).

Sec. 23. Section 423E.4, subsection 4, paragraph a, Code 2007, is amended to read as follows:

a. For the purposes of distribution under subsection 2, paragraph “b”, subparagraph (1), a school district with a sales tax capacity per student below its guaranteed school infrastructure amount shall use the amount equal to the guaranteed school infrastructure amount less the pro rata share amount in accordance with section 423E.3, subsection 5, paragraph “d”, for the purpose of paying principal and interest on outstanding bonds previously issued for school infrastructure purposes as defined in section 423E.1, subsection 3, Code 2007. Any money remaining after the payment of all principal and interest on outstanding bonds previously issued for infrastructure purposes may be used for any authorized infrastructure purpose of the school district. If a majority of the voters in the school district approves the use of revenue pursuant to a revenue purpose statement in an election held after July 1, 2003, in the school district pursuant to section 423E.2, Code 2007, the school district may use the amount for the purposes specified in its revenue purpose statement.

Sec. 24. Section 423E.4, subsection 7, Code 2007, is amended to read as follows:

7. Notwithstanding subsection 2 ~~of this section~~ or any other provision to the contrary, a school district that is located in whole or in part in a county that has not previously imposed

⁴ See chapter 1191, §69 herein

⁵ See chapter 1191, §70 herein

the local sales and services tax for school infrastructure, and which votes on and approves the tax at a rate of one percent ~~on or after January 1, 2007, and~~ before July 1, 2008 ~~2007~~, shall receive an amount equal to its pro rata share of the local sales and services tax receipts as provided in section 423E.3, subsection 5, paragraph “d”, for a period corresponding to one-half the duration of the tax authorized by the voters. For the second half of the duration of the tax authorized by the voters, local sales and services tax receipts shall be distributed as otherwise applicable pursuant to subsection 2 ~~of this section~~.

Sec. 25. Section 423E.4, Code 2007, is amended by adding the following new subsection: NEW SUBSECTION. 8. For purposes of calculating the amount generated in a county, the sales tax capacity per student and the statewide tax revenues per student under subsections 2 and 3, the following shall apply:

a. For fiscal years beginning on or after July 1, 2008, the amount of revenues generated in a county by a one percent local option sales and services tax for school infrastructure purposes shall be deemed to equal the following:

(1) For the fiscal year beginning July 1, 2008, the amount of revenues generated in a county equals the amount of revenues generated in that county during the fiscal year beginning July 1, 2007, increased or decreased by the revenue factor, as computed in subparagraph (3).

(2) For fiscal years beginning on or after July 1, 2009, the amount of revenues generated in a county equals the amount of revenues generated in that county during the previous fiscal year, as computed in this paragraph, increased or decreased by the revenue factor, as computed in subparagraph (3).

(3) The revenue factor for a fiscal year equals the percentage change in the amount of state sales and use tax revenues to be deposited in the general fund of the state for that fiscal year compared to the amount of such revenues for the previous fiscal year as estimated by the revenue estimating conference at its latest meeting in the previous fiscal year.

b. For fiscal years beginning on or after July 1, 2008, the total statewide amount of revenues generated by a one cent local option sales and services tax for school infrastructure purposes shall be equal to the total of the amounts computed under paragraph “a” for all counties for the fiscal year.⁶

Sec. 26. Section 423E.5, Code 2007, is amended to read as follows:
423E.5 BONDING.

The board of directors of a school district shall be authorized to issue negotiable, interest-bearing school bonds, without election, and utilize tax receipts derived from the sales and services tax for school infrastructure purposes and the supplemental school infrastructure amount distributed pursuant to section 423E.4, subsection 2, paragraph “b”, and revenues received pursuant to section 423F.2, for principal and interest repayment. Proceeds of the bonds issued pursuant to this section shall be utilized solely for school infrastructure needs as school infrastructure is defined in section 423E.1, subsection 3, Code 2007, and section 423F.3. Bonds issued under this section may be sold at public sale as provided in chapter 75, or at private sale, without notice and hearing as provided in section 73A.12. Bonds may bear dates, bear interest at rates not exceeding that permitted by chapter 74A, mature in one or more installments, be in registered form, carry registration and conversion privileges, be payable as to principal and interest at times and places, be subject to terms of redemption prior to maturity with or without premium, and be in one or more denominations, all as provided by the resolution of the board of directors authorizing their issuance. The resolution may also prescribe additional provisions, terms, conditions, and covenants which the board of directors deems advisable, including provisions for creating and maintaining reserve funds, the issuance of additional bonds ranking on a parity with such bonds and additional bonds junior and subordinate to such bonds, and that such bonds shall rank on a parity with or be junior and subordinate to any bonds which may be then outstanding. Bonds may be issued to refund outstanding and previously issued bonds under this section. Local option sales and services tax revenue ~~The bonds are a contract between contractual obligation of the school district and holders, and the resolu-~~

⁶ See chapter 1191, §71 herein

tion issuing the bonds and pledging local option sales and services tax revenues or its share of the revenues distributed pursuant to section 423F.2 to the payment of principal and interest on the bonds is a part of the contract. Bonds issued pursuant to this section shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not be subject to any other law relating to the authorization, issuance, or sale of bonds.

A school district ~~in which a local option sales tax for school infrastructure purposes has been imposed~~ shall be authorized to enter into a chapter 28E agreement with one or more cities or a county whose boundaries encompass all or a part of the area of the school district. A city or cities entering into a chapter 28E agreement shall be authorized to expend its designated portion of the ~~local option sales and services tax~~ revenues for any valid purpose permitted in this chapter or authorized by the governing body of the city. A county entering into a chapter 28E agreement with a school district ~~in which a local option sales tax for school infrastructure purposes has been imposed~~ shall be authorized to expend its designated portion of the ~~local option sales and services tax~~ revenues to provide property tax relief within the boundaries of the school district located in the county. A school district ~~where a local option sales and services tax is imposed~~ is also authorized to enter into a chapter 28E agreement with another school district, a community college, or an area education agency which is located partially or entirely in or is contiguous to the county where the ~~tax is imposed~~ school district is located. The school district or community college shall only expend its designated portion of the ~~local option sales and services tax revenues~~ for infrastructure purposes. The area education agency shall only expend its designated portion of the ~~local option school infrastructure sales tax revenues~~ for infrastructure and maintenance purposes.

The governing body of a city may authorize the issuance of bonds which are payable from its designated portion of the ~~revenues of the local option sales and services tax to be received under this section~~, and not from property tax, by following the authorization procedures set forth for cities in section 384.83. A city may pledge irrevocably any amount derived from its designated portions of the ~~revenues of the local option sales and services tax~~ to the support or payment of such bonds.

Sec. 27. NEW SECTION. 423F.1 LEGISLATIVE INTENT.

It is the intent of the general assembly that the increase in the state sales, services, and use taxes under chapter 423, subchapters II and III, from five percent to six percent on July 1, 2008, shall be used solely for purposes of providing revenues to local school districts under this chapter to be used solely for school infrastructure purposes or school district property tax relief.

Sec. 28. NEW SECTION. 423F.2 REPEAL OF LOCAL SALES AND SERVICES TAXES — SECURE AN ADVANCED VISION FOR EDUCATION FUND.

1. a. After July 1, 2008, all local sales and services taxes for school infrastructure purposes imposed under chapter 423E are repealed. After July 1, 2008, a county no longer has the authority under chapter 423E or any other provision of law to impose or to extend an existing local sales and services tax for school infrastructure purposes.

b. The increase in the state sales, services, and use taxes under chapter 423, subchapters II and III, from five percent to six percent shall replace the repeal of the county's local sales and services tax for school infrastructure purposes. The distribution of moneys in the secure an advanced vision for education fund and the use of the moneys for infrastructure purposes or property tax relief shall be as provided in this chapter. However, the formula for the distribution of the moneys in the fund shall be based upon amounts that would have been received if the local sales and services taxes under chapter 423E, Code 2007, continued in existence, as computed pursuant to section 423E.4, subsection 8.⁷

c. To the extent that any school district has issued bonds anticipating the proceeds of a local sales and services tax for school infrastructure purposes prior to July 1, 2008, the pledge of such tax receipts for the payment of principal and interest on such bonds shall be replaced by a pledge of its share of the revenues the school district receives under this section.

⁷ See chapter 1191, §72 herein

2. A secure an advanced vision for education fund is created as a separate and distinct fund in the state treasury under the control of the department of revenue. Moneys in the fund include revenues credited to the fund pursuant to this chapter, appropriations made to the fund, and other moneys deposited into the fund. Subject to subsection 3, any amounts disbursed from the fund shall be utilized for school infrastructure purposes or property tax relief.

3. The moneys available in a fiscal year in the secure an advanced vision for education fund shall be distributed by the department of revenue to each school district in an amount equal to the amount the school district would have received pursuant to the formula in section 423E.4 as if the local sales and services tax for school infrastructure purposes was imposed. Moneys in a fiscal year that are in excess of that needed to provide each school district with its formula amount shall be distributed and credited to the property tax equity and relief fund created in section 257.16A.

4. a. The director of revenue by August 15 of each fiscal year shall send to each school district an estimate of the amount of tax moneys each school district will receive for the year and for each month of the year. At the end of each month, the director may revise the estimates for the year and remaining months.

b. The director shall remit ninety-five percent of the estimated tax receipts for the school district to the school district on or before August 31 of the fiscal year and on or before the last day of each following month.

c. The director shall remit a final payment of the remainder of tax moneys due for the fiscal year before November 10 of the next fiscal year. If an overpayment has resulted during the previous fiscal year, the November payment shall be adjusted to reflect any overpayment.

Sec. 29. NEW SECTION. 423F.3 USE OF REVENUES.

1. A school district receiving revenues from the secure an advanced vision for education fund under this chapter without a valid revenue purpose statement shall expend the revenues subject to subsections 2 and 3 for the following purposes:

- a. Reduction of bond levies under sections 298.18 and 298.18A and all other debt levies.
- b. Reduction of the regular and voter-approved physical plant and equipment levy under section 298.2.
- c. Reduction of the public educational and recreational levy under section 300.2.
- d. Reduction of the schoolhouse tax levy under section 278.1, subsection 7, Code 1989.
- e. For any authorized infrastructure purpose of the school district as defined in subsection 6.
- f. For the payment of principal and interest on bonds issued under sections 423E.5 and 423F.4.

2. A revenue purpose statement in existence for the expenditure of local sales and services tax for school infrastructure purposes imposed by a county pursuant to section 423E.2, Code 2007, prior to July 1, 2008, shall remain in effect until amended or extended. The board of directors of a school district may take action to adopt or amend a revenue purpose statement specifying the specific purposes for which the revenues received from the secure an advanced vision for education fund will be expended. If a school district is located in a county which has imposed a local sales and services tax for school infrastructure purposes prior to July 1, 2008, this action shall be taken before expending or anticipating revenues to be received after the unextended term of the tax unless the school district elects to adopt a revenue purpose statement as provided in subsection 3.

3. a. If the board of directors adopts a resolution to use funds received under the operation of this chapter solely for providing property tax relief by reducing indebtedness from the levies specified under section 298.2 or 298.18, the board of directors may approve a revenue purpose statement for that purpose without submitting the revenue purpose statement to a vote of the electors.

b. If the board of directors intends to use funds for purposes other than those listed in paragraph "a", or change the use of funds to purposes other than those listed in paragraph "a", the board shall adopt a revenue purpose statement, subject to approval of the electors, listing the

proposed use of the funds. School districts shall submit the statement to the voters no later than sixty days prior to the expiration of any existing revenue purpose statement or change in use not included in the existing revenue purpose statement.

c. The board secretary shall notify the county commissioner of elections of the intent to take the issue to the voters. The county commissioner of elections shall publish the notices required by law for special or general elections, and the election shall be held not sooner than thirty days nor later than forty days after notice from the school board.⁸ A majority of those voting on the question must favor approval of the revenue purpose statement. If the proposal is not approved, the school district shall not submit the same or new revenue purpose statement to the electors for a period of six months from the date of the previous election.

4. The revenues received pursuant to this chapter shall be expended for the purposes specified in the revenue purpose statement. If a board of directors has not approved a revenue purpose statement, the revenues shall be expended in the order listed in subsection 1 except that the payment of bonds for which the revenues have been pledged shall be paid first. Once approved, a revenue purpose statement is effective until amended or repealed by the foregoing procedures. A revenue purpose statement shall not be amended or repealed to reduce the amount of revenue pledged to the payment of principal and interest on bonds as long as any bonds authorized by sections 423E.5 and 423F.4 are outstanding unless funds sufficient to pay principal, interest, and premium, if any, on the outstanding obligations at or prior to maturity have been properly set aside and pledged for that purpose.

5. A school district with a certified enrollment of fewer than two hundred fifty pupils in the entire district or certified enrollment of fewer than one hundred pupils in high school shall not expend the amount received for new construction without prior application to the department of education and receipt of a certificate of need pursuant to this subsection. A certificate of need is not required for repairing schoolhouses or buildings, equipment, technology, or transportation equipment for transporting students as provided in section 298.3, or for construction necessary for compliance with the federal Americans With Disabilities Act pursuant to 42 U.S.C. § 12101 – 12117. In determining whether a certificate of need shall be issued or denied, the department shall consider all of the following:

- a. Enrollment trends in the grades that will be served at the new construction site.
- b. The infeasibility of remodeling, reconstructing, or repairing existing buildings.
- c. The fire and health safety needs of the school district.
- d. The distance, convenience, cost of transportation, and accessibility of the new construction site to the students to be served at the new construction site.
- e. Availability of alternative, less costly, or more effective means of serving the needs of the students.
- f. The financial condition of the district, including the effect of the decline of the budget guarantee and unspent balance.
- g. Broad and long-term ability of the district to support the facility and the quality of the academic program.
- h. Cooperation with other educational entities including other school districts, area education agencies, postsecondary institutions, and local communities.

6. a. For purposes of this chapter, “school infrastructure” means those activities authorized in section 423E.1, subsection 3, Code 2007.

b. Additionally, “school infrastructure” includes the payment or retirement of outstanding bonds previously issued for school infrastructure purposes as defined in this subsection, and the payment or retirement of bonds issued under sections 423E.5 and 423F.4.

c. A school district that uses secure an advanced vision for education fund moneys for school infrastructure shall comply with the state building code in the absence of a local building code.

7. The general assembly shall not alter the purposes for which the revenues received under this section may be used from infrastructure and property tax relief purposes to any other purpose unless the bill is approved by a vote of at least two-thirds of the members of both chambers of the general assembly and is signed by the governor.

⁸ See chapter 1191, §73 herein

Sec. 30. NEW SECTION. 423F.4 BORROWING AUTHORITY FOR SCHOOL DISTRICTS.

A school district may anticipate its share of the revenues under section 423F.2 by issuing bonds in the manner provided in section 423E.5. However, to the extent any school district has issued bonds anticipating the proceeds of an extended local sales and services tax for school infrastructure purposes imposed by a county pursuant to chapter 423E, Code 2007, prior to July 1, 2008, the pledge of such revenues for the payment of principal and interest on such bonds shall be replaced by a pledge of its share of the revenues under section 423F.2.

Sec. 31. NEW SECTION. 423F.5 CONTENTS OF FINANCIAL AUDIT.

A school district shall include as part of its financial audit for the budget year beginning July 1, 2007, and for each subsequent budget year the amount received during the year pursuant to chapter 423E or 423F, as applicable. In addition, the financial audit shall include the amount of bond levies, physical plant and equipment levy, and public educational and recreational levy reduced as a result of the moneys received under chapter 423E or 423F, as applicable. The amount of the reductions shall be stated in terms of dollars and cents per one thousand dollars of valuation and in total amount of property tax dollars. Also included shall be an accounting of the amount of moneys received which were spent for infrastructure purposes pursuant to chapter 423E or 423F, as applicable.

The auditor of state may prescribe necessary forms and procedures for the consistent collection of the information required by this section.

Sec. 32. NEW SECTION. 423F.6 REPEAL.

This chapter is repealed December 31, 2029.

Sec. 33. Section 423E.1, Code 2007, is repealed.

Sec. 34. Section 423E.2, Code Supplement 2007, is repealed.

Sec. 35. CONSTRUCTION CONTRACTORS.

1. Construction contractors may make application to the department of revenue for a refund of the additional one percent tax paid under chapter 423 by reason of the increase in the sales and use taxes from five to six percent for taxes paid on goods, wares, or merchandise under the following conditions:

a. The goods, wares, or merchandise are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to July 1, 2008. The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department of revenue or to a retailer the full six percent tax.

c. The claim is filed on forms provided by the department of revenue and is filed within one year of the date the tax is paid.

2. A contractor who makes an erroneous application for refund shall be liable for payment of the excess refund paid plus interest at the rate in effect under section 421.7. In addition, a contractor who willfully makes a false application for refund is liable for a penalty equal to fifty percent of the excess refund claimed. Excess refunds, penalties, and interest due under this section may be enforced and collected in the same manner as the tax imposed by chapter 423.

Sec. 36. APPLICABILITY. This section applies in regard to the increase in the state sales and use taxes from five to six percent. The six percent rate applies to all sales of taxable personal property, consisting of goods, wares, or merchandise if delivery occurs on or after July 1, 2008. The six percent use tax rate applies to the use of property when the first taxable use in this state occurs on or after July 1, 2008. The six percent rate applies to the gross receipts from the sale, furnishing, or service of gas, electricity, water, heat, pay television service, and communication service if the date of billing the customer is on or after July 1, 2008. In the case of a service contract entered into prior to July 1, 2008, which contract calls for periodic pay-

ments, the six percent rate applies to those payments made or due on or after July 1, 2008. This periodic payment applies but is not limited to tickets or admissions, private club membership fees, sources of amusement, equipment rental, dry cleaning, reducing salons, dance schools, and all other services subject to tax, except the aforementioned utility services which are subject to a special transitional rule. Unlike periodic payments under service contracts, installment sales of goods, wares, and merchandise are subject to the full amount of sales or use tax when the sales contract is entered into or the property is first used in Iowa.

COORDINATING AMENDMENTS

Sec. 37. Section 8.57, subsection 6, paragraph f, Code Supplement 2007, is amended to read as follows:

f. There is appropriated from the rebuild Iowa infrastructure fund to the secure an advanced vision for education fund created in section 423E.4 423F.2, for each fiscal year of the fiscal period beginning July 1, ~~2004~~ 2008, and ending June 30, 2014, the amount of the moneys in excess of the first forty-seven million dollars credited to the rebuild Iowa infrastructure fund during the fiscal year, not to exceed ten million dollars.

Sec. 38. Section 76.4, Code 2007, is amended to read as follows:

76.4 PERMISSIVE APPLICATION OF FUNDS.

Whenever the governing authority of such political subdivision shall have on hand funds derived from any other source than taxation which may be appropriated to the payment either of interest or principal, or both principal and interest of such bonds, such funds may be so appropriated and used and the levy for the payment of the bonds correspondingly reduced. This section shall not restrict the authority of a political subdivision to apply sales and services tax receipts collected pursuant to chapter 423B for such purpose. Notwithstanding section 423E.1, ~~subsection 3~~ 423F.3, a school district may apply local sales and services tax receipts ~~collected~~ received pursuant to chapter 423E 423F for the purposes of this section.

Sec. 39. Section 292.1, subsection 8, Code 2007, is amended to read as follows:

8. "Sales tax capacity per pupil" means the estimated amount of revenues that a school district receives or would receive if a ~~local sales and services tax for school infrastructure is imposed at one percent~~ from the secure an advanced vision for education fund pursuant to section 423E.2 423F.2, divided by the school district's basic enrollment for the budget year. ~~For the budget year beginning July 1, 2000, the school district's actual enrollment shall be used in the calculation in place of the school district's basic enrollment for the budget year.~~

Sec. 40. Section 292.2, subsection 1, paragraph c, Code 2007, is amended to read as follows:

c. The department of education, in consultation with the department of revenue and the legislative services agency, shall annually calculate the estimated ~~sales and services tax for school infrastructure, if imposed at one percent,~~ that is or would be received by each school district in the state pursuant to section 423E.3 423F.2. These calculations shall be made on a total tax and on a tax per pupil basis for each school district.

Sec. 41. Section 292.2, subsection 2, paragraph a, subparagraph (2), Code 2007, is amended to read as follows:

(2) ~~Local sales and services tax~~ Tax moneys received pursuant to section 423E.3 423F.2.

Sec. 42. Section 292.2, subsection 3, paragraph i, Code 2007, is amended by striking the paragraph.

Sec. 43. Section 292.2, subsection 7, paragraph d, Code 2007, is amended to read as follows:

d. A school district ~~for which a sales and services tax for school infrastructure has not been~~

imposed pursuant to section 423E.2 or a school district receiving minimal revenues under section 423E.3 423F.2 when the total enrollment of the school district is considered.

Sec. 44. Section 292.2, subsection 10, Code 2007, is amended by striking the subsection.

Sec. 45. Section 312.1, subsection 4, Code 2007, is amended to read as follows:

4. To the extent provided in section 423.43, subsection 1 2, paragraph "~~b~~" "a", subparagraph (2), from revenue derived from the use tax, under chapter 423 on motor vehicles, trailers, and motor vehicle accessories and equipment.⁹

Sec. 46. Section 312.2, subsection 14, Code Supplement 2007, is amended to read as follows:

14. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the state department of transportation from revenue credited to the road use tax fund under section 423.43, subsection 1 2, paragraph "~~b~~" "a", subparagraph (2), an amount equal to one-twentieth of eighty percent of the revenue from the operation of section 423.26, to be used for purposes of public transit assistance under chapter 324A.¹⁰

Sec. 47. Section 321.34, subsection 7, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The fees for a collegiate registration plate are as follows:

- (1) A registration fee of twenty-five dollars.
- (2) A special collegiate registration fee of twenty-five dollars.

These fees are in addition to the regular annual registration fee. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited by the treasurer of state to the road use tax fund. Notwithstanding section 423.43 and prior to the revenues being credited to the road use tax fund under section 423.43, subsection 1 2, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall credit monthly from those revenues respectively, to Iowa state university of science and technology, the university of northern Iowa, and the state university of Iowa, the amount of the special collegiate registration fees collected in the previous month for collegiate registration plates designed for the university. The moneys credited are appropriated to the respective universities to be used for scholarships for students attending the universities.¹¹

Sec. 48. Section 321.34, subsection 10, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The special fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the Paul Ryan memorial fire fighter safety training fund created pursuant to section 100B.12 the amount of the special fees collected in the previous month for the fire fighter plates.¹²

Sec. 49. Section 321.34, subsection 10A, paragraph b, Code Supplement 2007, is amended to read as follows:

b. The special fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the emergency medical services fund created in section 135.25 the amount

⁹ See chapter 1113, §126 herein

¹⁰ See chapter 1113, §127 herein

¹¹ See chapter 1113, §127 herein

¹² See chapter 1113, §127 herein

of the special fees collected in the previous month for issuance of emergency medical services plates.¹³

Sec. 50. Section 321.34, subsection 11, paragraph c, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

The special natural resources fee for letter number designated natural resources plates is forty-five dollars. The fee for personalized natural resources plates is forty-five dollars which shall be paid in addition to the special natural resources fee of forty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph “b” “a”, subparagraph (2), the treasurer of state shall credit monthly from those revenues to the Iowa resources enhancement and protection fund created pursuant to section 455A.18, the amount of the special natural resources fees collected in the previous month for the natural resources plates.¹⁴

Sec. 51. Section 321.34, subsection 11A, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The special fee for letter number designated love our kids plates is thirty-five dollars. The fee for personalized love our kids plates is twenty-five dollars, which shall be paid in addition to the special love our kids fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph “b” “a”, subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the Iowa department of public health the amount of the special fees collected in the previous month for the love our kids plates. Notwithstanding section 8.33, moneys transferred under this subsection shall not revert to the general fund of the state.¹⁵

Sec. 52. Section 321.34, subsection 11B, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The special fee for letter number designated motorcycle rider education plates is thirty-five dollars. The fee for personalized motorcycle rider education plates is twenty-five dollars, which shall be paid in addition to the special motorcycle rider education fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph “b” “a”, subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the department for use in accordance with section 321.180B, subsection 6, the amount of the special fees collected in the previous month for the motorcycle rider education plates.¹⁶

Sec. 53. Section 321.34, subsection 13, paragraph d, Code Supplement 2007, is amended to read as follows:

d. A state agency may submit a request to the department recommending a special registration plate. The alternate fee for letter number designated plates is thirty-five dollars with a ten dollar annual special renewal fee. The fee for personalized plates is twenty-five dollars which is in addition to the alternative fee of thirty-five dollars with an annual personalized plate renewal fee of five dollars which is in addition to the special renewal fee of ten dollars. The alternate fees are in addition to the regular annual registration fee. The alternate fees collected under this paragraph shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of the revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph “b” “a”, subparagraph (2),

¹³ See chapter 1113, §127 herein

¹⁴ See chapter 1113, §127 herein

¹⁵ See chapter 1113, §127 herein

¹⁶ See chapter 1113, §127 herein

the treasurer of state shall credit monthly the amount of the alternate fees collected in the previous month to the state agency that recommended the special registration plate.¹⁷

Sec. 54. Section 321.34, subsection 16, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who is a member of the national guard, as defined in chapter 29A, may, upon written application to the department, order special registration plates with a national guard processed emblem with the emblem designed by the department in cooperation with the adjutant general which emblem signifies that the applicant is a member of the national guard. The application shall be approved by the department in consultation with the adjutant general. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized national guard plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "b" ~~"a"~~, subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for national guard plates. Special registration plates with a national guard processed emblem shall be surrendered, as provided in subsection 12, in exchange for regular registration plates upon termination of the owner's membership in the active national guard.¹⁸

Sec. 55. Section 321.34, subsection 17, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who was at Pearl Harbor, Hawaii, as a member of the armed services of the United States on December 7, 1941, may, upon written application to the department, order special registration plates with a Pearl Harbor processed emblem. The emblem shall be designed by the department in consultation with service organizations. The application is subject to approval by the department. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized Pearl Harbor plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "b" ~~"a"~~, subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for Pearl Harbor plates.¹⁹

Sec. 56. Section 321.34, subsection 18, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who was awarded a purple heart medal by the United States government for wounds received in military or naval combat against an armed enemy of the United States may, upon written application to the department and presentation of satisfactory proof of the award of the purple heart medal, order special registration plates with a purple heart processed emblem. The design of the emblem shall include a representation of a purple heart medal and ribbon. The application is subject to approval by the department in consultation with the adjutant general. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized purple heart plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "b" ~~"a"~~, subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for purple heart plates.²⁰

¹⁷ See chapter 1113, §127 herein

¹⁸ See chapter 1113, §127 herein

¹⁹ See chapter 1113, §127 herein

²⁰ See chapter 1113, §127 herein

Sec. 57. Section 321.34, subsection 19, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who is a retired member of the United States armed forces may, upon written application to the department and upon presentation of satisfactory proof of membership, order special registration plates with a United States armed forces retired processed emblem. The emblem shall be designed by the department in consultation with service organizations. The application is subject to approval by the department. For purposes of this subsection, a person is considered to be retired if the person is recognized by the United States armed forces as retired from the United States armed forces. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized armed forces retired plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for armed forces retired plates.²¹

Sec. 58. Section 321.34, subsection 20, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who was awarded a silver or a bronze star by the United States government, may, upon written application to the department and presentation of satisfactory proof of the award of the silver or bronze star, order special registration plates with a silver or bronze star processed emblem. The emblem shall be designed by the department in consultation with the adjutant general. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized silver star and bronze star plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for silver star and bronze star plates.²²

Sec. 59. Section 321.34, subsection 20A, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who was awarded a distinguished service cross, a navy cross, or an air force cross by the United States government may, upon written application to the department and presentation of satisfactory proof of the award, order special registration plates with a distinguished service cross, navy cross, or air force cross processed emblem. The emblem shall be designed by the department in consultation with the adjutant general. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized distinguished service cross, navy cross, and air force cross plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 ~~2~~, paragraph "~~b~~" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for distinguished service cross, navy cross, and air force cross plates.²³

Sec. 60. Section 321.34, subsection 20B, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

An owner referred to in subsection 12 who was awarded a soldier's medal, a navy and marine corps medal, or an airman's medal by the United States government may, upon written application to the department and presentation of satisfactory proof of the award, order special reg-

²¹ See chapter 1113, §127 herein

²² See chapter 1113, §127 herein

²³ See chapter 1113, §127 herein

istration plates with a soldier's medal, navy and marine corps medal, or airman's medal processed emblem. The emblem shall be designed by the department in consultation with the adjutant general. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized soldier's medal, navy and marine corps medal, and airman's medal plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 12, paragraph "b" ~~"a", subparagraph (2)~~, the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for soldier's medal, navy and marine corps medal, and airman's medal plates.²⁴

Sec. 61. Section 321.34, subsection 21, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The special fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 12, paragraph "b" ~~"a", subparagraph (2)~~, the treasurer of state shall credit monthly to the Iowa heritage fund created under section 303.9A the amount of the special fees collected in the previous month for the Iowa heritage plates.²⁵

Sec. 62. Section 321.34, subsection 22, paragraph b, Code Supplement 2007, is amended to read as follows:

b. The special school transportation fee for letter number designated education plates is thirty-five dollars. The fee for personalized education plates is twenty-five dollars, which shall be paid in addition to the special school transportation fee of thirty-five dollars. The annual special school transportation fee is ten dollars for letter number designated registration plates and is fifteen dollars for personalized registration plates which shall be paid in addition to the regular annual registration fee. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 12, paragraph "b" ~~"a", subparagraph (2)~~, the treasurer of state shall transfer monthly from those revenues to the school budget review committee in accordance with section 257.31, subsection 17, the amount of the special school transportation fees collected in the previous month for the education plates.²⁶

Sec. 63. Section 321.34, subsection 23, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The special fee for letter number designated breast cancer awareness plates is thirty-five dollars. The fee for personalized breast cancer awareness plates is twenty-five dollars, which shall be paid in addition to the special breast cancer awareness fee of thirty-five dollars. The fees collected by the director under this subsection shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 12, paragraph "b" ~~"a", subparagraph (2)~~, the treasurer of state shall transfer monthly from those revenues to the Iowa department of public health the amount of the special fees collected in the previous month for the breast cancer awareness plates and such funds are appropriated to the Iowa department of public health. The Iowa department of public health shall distribute one hundred percent of the funds received monthly in the form of grants to support breast cancer screenings for both men and women who meet eligibility requirements like those established by the Susan G. Komen foundation. In the awarding of grants, the Iowa department of public health shall give first consideration to affiliates of the Susan G. Komen foundation and similar nonprofit organizations providing for breast cancer screenings at no cost in Iowa. Notwithstanding sec-

²⁴ See chapter 1113, §127 herein

²⁵ See chapter 1113, §127 herein

²⁶ See chapter 1113, §127 herein

tion 8.33, moneys transferred under this subsection shall not revert to the general fund of the state.²⁷

Sec. 64. Section 321.34, subsection 24, Code Supplement 2007, is amended to read as follows:

24. GOLD STAR PLATES. An owner referred to in subsection 12 who is the surviving spouse, parent, child, or sibling of a deceased member of the United States armed forces who died while serving on active duty during a time of military conflict may order special registration plates bearing a gold star emblem upon written application to the department accompanied by satisfactory supporting documentation as determined by the department. The gold star emblem shall be designed by the department in cooperation with the commission of veterans affairs. The special plate fees collected by the director under subsection 12, paragraph "a", from the issuance and annual validation of letter-number designated and personalized gold star plates shall be paid monthly to the treasurer of state and credited to the road use tax fund. Notwithstanding section 423.43, and prior to the crediting of revenues to the road use tax fund under section 423.43, subsection 1 2, paragraph "b" "a", subparagraph (2), the treasurer of state shall transfer monthly from those revenues to the veterans license fee fund created in section 35A.11 the amount of the special fees collected in the previous month for gold star plates.²⁸

Sec. 65. Section 327I.26, Code 2007, is amended to read as follows:

327I.26 APPROPRIATION TO AUTHORITY.

Notwithstanding section 423.43, and prior to the application of section 423.43, subsection 1 2, paragraph "b" "a", subparagraph (2), there shall be deposited into the general fund of the state and is appropriated to the authority from eighty percent of the revenues derived from the operation of section 423.26, the amounts certified by the authority under section 327I.25. However, the total amount deposited into the general fund and appropriated to the Iowa railway finance authority under this section shall not exceed two million dollars annually. Moneys appropriated to the Iowa railway finance authority under this section are appropriated only for the payment of principal and interest on obligations or the payment of leases guaranteed by the authority as provided under section 327I.25.²⁹

Sec. 66. Section 423.36, subsection 8, paragraph a, Code 2007, is amended to read as follows:

a. Except as provided in paragraph "b", purchasers, users, and consumers of tangible personal property or enumerated services taxed pursuant to subchapter II or III of this chapter or chapters chapter 423B and 423E may be authorized, pursuant to rules adopted by the director, to remit tax owed directly to the department instead of the tax being collected and paid by the seller. To qualify for a direct pay tax permit, the purchaser, user, or consumer must accrue a tax liability of more than four thousand dollars in tax under subchapters II and III in a semimonthly period and make deposits and file returns pursuant to section 423.31. This authority shall not be granted or exercised except upon application to the director and then only after issuance by the director of a direct pay tax permit.

Sec. 67. Section 423.57, Code Supplement 2007, is amended to read as follows:

423.57 STATUTES APPLICABLE.

The director shall administer this subchapter as it relates to the taxes imposed in this chapter in the same manner and subject to all the provisions of, and all of the powers, duties, authority, and restrictions contained in sections 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21, 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31, 423.32, 423.33, 423.34, 423.35, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection 3 1, and sections 423.45, 423.46, and 423.47.³⁰

²⁷ See chapter 1113, §127 herein

²⁸ See chapter 1113, §127 herein

²⁹ See chapter 1113, §126 herein

³⁰ See chapter 1113, §127 herein

Sec. 68. Section 423B.7, subsection 6, paragraphs a and b, Code 2007, are amended by striking the paragraphs.

Sec. 69. Section 455G.3, subsection 1, Code 2007, is amended to read as follows:

1. The Iowa comprehensive petroleum underground storage tank fund is created as a separate fund in the state treasury, and any funds remaining in the fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Iowa comprehensive petroleum underground storage tank fund. Interest or other income earned by the fund shall be deposited in the fund. The fund shall include moneys credited to the fund under this section, section 423.43, subsection 1 2, paragraph "a", subparagraph (1), and sections 455G.8, 455G.9, and 455G.11, Code 2003, and other funds which by law may be credited to the fund. The moneys in the fund are appropriated to and for the purposes of the board as provided in this chapter. Amounts in the fund shall not be subject to appropriation for any other purpose by the general assembly, but shall be used only for the purposes set forth in this chapter. The treasurer of state shall act as custodian of the fund and disburse amounts contained in it as directed by the board including automatic disbursements of funds as received pursuant to the terms of bond indentures and documents and security provisions to trustees and custodians. The treasurer of state is authorized to invest the funds deposited in the fund at the direction of the board and subject to any limitations contained in any applicable bond proceedings. The income from such investment shall be credited to and deposited in the fund. The fund shall be administered by the board which shall make expenditures from the fund consistent with the purposes of the programs set out in this chapter without further appropriation. The fund may be divided into different accounts with different depositories as determined by the board and to fulfill the purposes of this chapter.³¹

Sec. 70. Section 455G.6, subsection 4, Code 2007, is amended to read as follows:

4. Grant a mortgage, lien, pledge, assignment, or other encumbrance on one or more improvements, revenues, asset of right, accounts, or funds established or received in connection with the fund, including revenues derived from the use tax under section 423.43, subsection 1 2, paragraph "a", subparagraph (1), and deposited in the fund or an account of the fund.³²

Sec. 71. Section 455G.8, subsection 2, Code 2007, is amended to read as follows:

2. USE TAX. The revenues derived from the use tax imposed under chapter 423, subchapter III. The proceeds of the use tax under section 423.43, subsection 1 2, paragraph "a", subparagraph (1), shall be allocated, consistent with this chapter, among the fund's accounts, for debt service and other fund expenses, according to the fund budget, resolution, trust agreement, or other instrument prepared or entered into by the board or authority under direction of the board.³³

Sec. 72. 2007 Iowa Acts, chapter 179, section 6, is amended to read as follows:

SEC. 6. Section 423.57, Code 2007, as amended by this Act, is amended to read as follows: 423.57 STATUTES APPLICABLE.

The director shall administer this subchapter as it relates to the taxes imposed in this chapter in the same manner and subject to all the provisions of, and all of the powers, duties, authority, and restrictions contained in sections 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21, 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31, 423.32, 423.33, 423.34, 423.34A, 423.35, 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection 3 1, and sections 423.45, 423.46, and 423.47.³⁴

Sec. 73. EFFECTIVE DATE. The section of this Act amending 2007 Iowa Acts, chapter 179, takes effect January 1, 2009.³⁵

Approved May 6, 2008

³¹ See chapter 1113, §126 herein

³² See chapter 1113, §126 herein

³³ See chapter 1113, §126 herein

³⁴ See chapter 1113, §128 herein

³⁵ See chapter 1113, §128 herein

CHAPTER 1135**ANIMAL CONTEST EVENTS — SPECTATORS***S.F. 2203*

AN ACT relating to contest events where an animal is injured, tormented, or killed, by providing a penalty for spectators.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 717D.1, subsection 8, Code 2007, is amended to read as follows:

8. “Spectator” means a person who attends an establishment ~~for purposes of witnessing~~ knowingly to watch or observe a contest event.

Sec. 2. Section 717D.2, subsection 9, Code 2007, is amended to read as follows:

9. Gambling at a contest event conducted in this state, including but not limited to wagering on the outcome of a contest involving animals.

10. Act as a spectator of a contest event conducted in this state, regardless of whether the person paid admission to witness the contest event.

Sec. 3. Section 717D.4, Code 2007, is amended to read as follows:

717D.4 PENALTIES.

1. Except as provided in ~~subsection 2~~ section 717D.2, subsection 10, a person who violates a provision of this chapter ~~is guilty of~~ commits a class “D” felony.

2. A person who violates ~~section 717D.2, subsection 10~~, by acting as a spectator of a contest event conducted in this state ~~is guilty of an~~ commits the following:

a. An aggravated misdemeanor for the first offense.

b. A class “D” felony for a second or subsequent offense.

Approved May 7, 2008

CHAPTER 1136**PAYMENT OF WAGES***S.F. 2222*

AN ACT relating to payment of wages.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 91A.3, subsection 3, paragraph a, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

The wages paid under subsection 1 shall be ~~sent to the employee by mail or be paid at the employee's normal place of employment during normal employment hours or at a place and hour mutually agreed upon by the employer and employee, or the employee may elect to have the wages sent for direct deposit, on or by the regular payday of the employee, into a financial institution designated by the employee. Upon written request by the employee, wages due may be sent to the employee by mail. The employer shall maintain a copy of the request for~~